

Senate Study Bill 1226 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON PETERSEN)

A BILL FOR

1 An Act making cross-subsidization prohibitions inapplicable to
2 certain public utility rates or charges.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 476.78, Code 2015, is amended to read as
2 follows:

3 **476.78 Cross-subsidization prohibited.**

4 A public utility shall not directly or indirectly include
5 any costs or expenses attributable to providing nonutility
6 service in regulated rates or charges. Except for contracts
7 existing as of July 1, 1996, in cities or unincorporated
8 villages with a population of ten thousand or less according
9 to the 2010 federal decennial census, a public utility or
10 its affiliates shall not use vehicles, service tools and
11 instruments, or employees, the costs, salaries, or benefits
12 of which are recoverable in the regulated rates for electric
13 service or gas service to install, service, or repair
14 residential or commercial gas or electric heating, ventilating,
15 or air conditioning systems, or interior lighting systems
16 and fixtures; or to sell at retail heating, ventilating,
17 air conditioning, or interior lighting equipment. For the
18 purpose of this section, "commercial" means a place of business
19 primarily used for the storage or sale, at wholesale or retail,
20 of goods, wares, services, or merchandise. Nothing in this
21 section shall be construed to prohibit a public utility from
22 using its utility vehicles, service tools and instruments,
23 and employees to market systems, services, and equipment, to
24 light pilots, or to eliminate a customer emergency or threat
25 to public safety.

26 EXPLANATION

27 The inclusion of this explanation does not constitute agreement with
28 the explanation's substance by the members of the general assembly.

29 This bill modifies provisions relating to the prohibition on
30 cross-subsidization of public utility rates or charges.

31 Currently, a public utility or its affiliates is prohibited
32 from recovering in the regulated rates for electric service or
33 gas service the costs applicable to vehicles, service tools and
34 instruments, and the salaries and benefits of employees. This
35 prohibition is expressly inapplicable to contracts that existed

S.F. _____

1 as of July 1, 1996.

2 The bill deletes the exception for contracts that existed
3 as of July 1, 1996, and instead provides an exception to the
4 prohibition applicable to cities or unincorporated villages
5 with a population of 10,000 or less according to the 2010
6 federal decennial census.